

IN THE
United States Circuit Court of Appeals
FOR THE NINTH CIRCUIT

COLUMBIA GRAPHOPHONE
COMPANY, } Appeal in
 Defendant-Appellant,
 } Equity.
 vs. (Patent
SEARCHLIGHT HORN COMPANY, } Suit.)
 Plaintiff-Appellee.

ON THE NIELSEN PHONOGRAPH HORN
PATENT No. 771,441

APPELLANT'S "COMMENTS" ON APPEL-
LEE'S ANSWER TO REPLY BRIEF
FOR APPELLANT.

FILED BY PERMISSION OF THE COURT

C. A. L. MASSIE,
CHAS. E. TOWNSEND,
Of Counsel for Defendant-Appellant.

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F. D. Monckton,

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Following our Reply Brief, appellee has filed a so-called "Answer" dated July 22, 1916, and hereafter termed "Appellee's Answering Brief." This Answering Brief is so ingenuous and plausible, yet specious, as to be liable to mislead the Court unless explained, which we request leave to do in the following "Comments":

VILLY REISSUE IS NEW MATTER: APPELLEE'S ANSWERING BRIEF, PAGES 2-4.

In rendering its decision upon the Sherman-Clay Writ of Error, 214 Fed. Rep., 86, this Court sums

up, on the top of page 96, the Sherman-Clay contentions concerning the Villy Reissue, viz:

- (1) that plaintiff had marked its horn with the Villy Reissue (as well as with the Nielsen Patent);
- (2) that plaintiff thereby admitted that the Nielsen horn was constructed under the Villy Reissue (as well as under the Nielsen Patent); and
- (3) that the Villy Reissue was the “connecting link” [whatever that may mean] between the Villy original and the Nielsen Patent.

And this Court thereupon held that, giving full credit for all thus claimed for the Villy Reissue, “we do not see how it was material or relevant to any issue before the court” (top of page 96 of 214 Fed. Rep.).

Of course not, since this Court did not have before it the wording of the *new* claims of the Villy Reissue (*e. g.* Claim 8),—

“This [Villy Reissue] patent is not in the record, and *we are not able to form any opinion* as to its elements” (bottom of page 95 of 214 Fed. Rep.).

Therefore, it remains true, as heretofore stated by us, that the Villy Reissue was not before the courts in the Sherman-Clay litigation, and is *new matter* not previously considered by this Court.

THE VILLY REISSUE MUST BE CONSIDERED AS OF THE ORIGINAL DATE OF SEPTEMBER 29, 1903.

Counsel for appellee declares on page 2 (italics ours) :

“While it is true that the Villy re-issue was not formally admitted in evidence in the Sherman-Clay case (because of the fact that it could in no way affect the Nielsen patent, *inasmuch as it was issued subsequent to the date of the Nielsen patent*) * * * ”

In order that the Court may not be misled by the foregoing statement as to the legal effect of the Villy Reissue we would call attention to the fact that the Villy Reissue dates as a *prior publication*, (prior art) from the date of the original patent to-wit: September 29, 1903, (prior to the date of application of Nielsen) and not from the date of the Reissue.

“Every patent so reissued—shall have the same effect and operation in law—as if the same had been originally filed in such corrected form.”

Rev. Stat., Section 4916.

“A Reissue can be granted only for the same invention which forms the subject for the original since the express words of the Act are ‘a new patent for the same invention.’ The specification may be amended so as to make it more clear and distinct; the claim may be modified so as to make it more conformable to the

exact rights of the patentee, but the invention must be the same."

Topliff vs. Topliff, 145 U. S. 156; 36 L. Ed. 658;

Giant vs. California, 98 U. S. 126.

The broadened Claim 8 of the Villy Reisssue expresses the *intent* of the patentee and shows the *scope* and *meaning* to be accorded the patent. It shows finally and conclusively that Villy as well as the Patent Office experts did not consider the Villy patent limited to paper, but to include a horn made of metal. It shows, in short, the justification for the Searchlight Co.'s building and marketing a sectional ribbed horn of metal under the Villy patent and marking it as such.

The Reissue is for the same thing as the original; it is therefore material and relevant to the issue before the Court. It was "not in the record" in the case heretofore before this Court; it is therefore "New Matter."

Now, since the Villy Reissue is properly before this Court on *this* appeal, it is obvious for the first time that, by applying for and procuring the grant of said reissue, the inventorship of the subject-matter defined by reissue-claim 8 was deliberately and formally and publicly and irrevocably delivered over to *Villy* (rather than to Nielsen) by the then-owner of the Nielsen Patent.

It is equally obvious that the subject-matter defined by said Villy reissue-claim 8 has thus been

established as "prior art" by the then-owner of the Nielsen Patent.

EFFECT OF REISSUING VILLY IS BINDING UPON PLAINTIFF: APPELLEE'S ANSWERING BRIEF, PAGES 5-9.

Appellee's Answering Brief, on pages 5-6, undertakes to criticise our condensed formulation of our proposition, *e.g.*, that *plaintiff* had procured the Villy Reissue. Although that statement is not literally true, yet it is practically correct and could mislead no one,—having been fully explained on pages 70-72 of our main brief and again on pages 10-11 of our reply brief, viz: that the Villy Reissue was applied for and obtained by *the then-owner of the Nielsen Patent*, to wit: plaintiff's predecessor in title to both patents (Villy and Nielsen), the United States Horn Co., which was also identical in interest with plaintiff.

Appellee's Answering Brief seems to admit—certainly does not deny—that the *United States Horn Co.*, if still owning the Nielsen Patent, could not maintain that Patent against us in view of its action in procuring the Villy Reissue; and Appellee's Answering Brief, on pages 7-9, undertakes to contend that the deleterious effect of reissuing Villy was *wiped out* by the assignment to plaintiff! It requires no argument to demonstrate that the estoppel created against the United States Horn Co., as the then-owner of the Nielsen Patent, ap-

plies to its "privy"; and, we assert, would apply to a successor in title even though the latter were *not* [as plaintiff *was*] a privy at the time of the Villy Reissue.

Now, not only has Mr. Locke, the president of the plaintiff Searchlight Company, testified that he is "still treasurer" of the United States Horn Co. (Q. 6, page 139), and that he was "during most of the time" "a director and officer" in the United States Horn Co., and "a stockholder and director of the United States Horn Company" at the time of the assignment to plaintiff (Q. 5), but he further testified, on page 187, as follows:

"RDQ. 119. In answer to XQ. 55 you stated, with relation to the Searchlight Horn Company and the United States Horn Company, that the 'ownership in the two companies was practically the same.' What did you mean by that?

"A. I meant that the *same* ownership CONTROLLED both companies." [Emphasis ours.]

Notwithstanding this sworn statement that the same ownership "controlled" both companies, nevertheless Appellee's Answering Brief suggests, on page 9, that there were two *independent* "controls" for the respective companies. In the next place, even had plaintiff not been privy [as it *was*] to the reissuing of the Villy Patent, yet plaintiff subsequently *ratiſed* said reissuance, by exploiting the Villy Reissue and threatening the trade under the new Claim 8 thereof. See plaintiff's letter on pages 49-50.

Our proposition is that the action of the then-owner of the Nielsen Patent, in procuring the grant of the Villy Reissue, is not a matter of mere estoppel "in pais," but estoppel *of record*. The applying for the reissue, the argument and reasoning (whatever they were) employed in obtaining the reissue, the granting of the reissue, and the Reissue Patent itself, are all matters of public record; and they *fixed*, and fixed *irrevocably*, the status of the Nielsen Patent as thereby affected, and made that status a matter of official record available to all the public at large. The Patent Office, in granting the Villy Reissue, was acting as a representative of the entire public (including this defendant) in making a *contract* with the patentee; and the then-owner of the Nielsen Patent (and its privy), in procuring the Villy Reissue, became a party to said contract, received full consideration, and became bound (as a part of said contract) by whatever legal consequences flow from its procuring the Villy Reissue while still owning the Nielsen Patent. And this limitation *of record*, thus fixed upon the Nielsen Patent, applies to plaintiff as being not only the successor in title but also the "privy" of the United States Horn Co. at the time of said reissue.

On page 8 of Appellee's Answering Brief, *Dodge vs. Freedman's etc. Bank*, 93 U. S. 379 [23 Law Ed., 920], is cited—and is the *only* authority cited—as controverting our proposition. Appellee has singularly misunderstood, or misinterpreted, the nature

of that decision, which dealt with an executory promise relating to the future; whereas the facts here relied on constitute an executed and irrevocable matter of public record.

In the Dodge case, the defendant Dodge had given certain promissory notes, and had executed a mortgage on certain real estate as security for the payment thereof; the notes ultimately came into possession of the plaintiff bank, in due course of business; and Dodge refused payment, and the real estate was found to have been transferred. The bank sued in equity for relief, and Dodge contended that one Huntington [since deceased] had paid the notes. There was no proof that Huntington had ever paid the notes; but defendant attempted (p. 382 of 93 U. S.) to prove that Huntington, while holding the notes, had made a declaration to Dodge that he (Huntington) would [at some time in the future] pay the notes and extinguish them. The Supreme Court found (page 384 of 93 U. S.) that Huntington had doubtless made a verbal agreement with Dodge to buy from the latter one of the houses covered by the mortgage "and to pay these notes in satisfaction of the price"; but that "when the notes matured, he [Huntington] was not in a condition, or did not wish, to pay them." Upon that state of affairs, the Supreme Court held that Huntington's declarations to Dodge, *which were never carried out*, were utterly irrelevant; noting (see page 383 of 93 U. S.) that

"The Freedman's Bank claimed nothing under Huntington. They insist that they are the legal holders of the notes, * * * "

To sum up and apply: If the proofs in this case showed merely that the United States Horn Co., while owning both the Villy original Patent and the Nielsen Patent, had made a mere naked statement, without consideration, that they believed Villy rather than Nielsen was the true inventor of the subject-matter of the Nielsen Patent,—then such mere naked statement (whether binding upon the United States Horn Co. or not) would not be binding upon plaintiff, under the Dodge-Freedman case *supra*. But that is *not* the situation here: the United States Horn Co., the then-owner of the Villy original and of Nielsen, took such action (resulting in the formal granting of the Villy Reissue, containing the broadened claims) as to *fix*—as a matter of public record—the status of the Nielsen Patent as affected by said Villy Reissue; and said deliberate and irrevocable action, a matter of record, binds the plaintiff, both as the privy of the United States Horn Co. and as likewise its successor in title.

**PLAINTIFF'S ALLEGED MISTAKE OF
LAW: APPELLEE'S ANSWERING
BRIEF, PAGES 10-22.**

Pages 10-19 of the Answering Brief are devoted to an attempt to befog the issue by meticulous animadversions, more notable for ingenuity than

for pertinence or sincerity. But, on page 20, appellee asserts that one should be relieved from the estoppel following his deliberate act, in case his act was due to a mistake of *law*. Appellee's proposition is clearly erroneous: where one has taken an action in ignorance of the *facts*, he may be relieved (in proper case) upon a sufficient showing of the actual facts; but "ignorance of the *law* excuses no one."

And on pages 21-22, Appellee's Answering Brief assumes that the Columbia Co. cannot invoke the doctrine of estoppel "in pais," because we cannot show that the Columbia Co.'s alleged infringements were induced by statements or conduct of the plaintiff. In the first place, the procuring of the Villy reissue, and the Villy Reissue Patent itself, are matters of public record, constituting estoppel *of record* (rather than mere estoppel *in pais*). And, in the second place, in procuring the Villy Reissue, the then-owner of the Nielsen Patent was entering into a *contract* with the government,—that is, with the Patent Office, as the representative of the public at large (including the Columbia Co.); and the Patent Office in granting, and the reissue-patentee in applying for and accepting, said Reissue Patent, thereby caused the public (including the Columbia Co.) to be entitled to regard the Villy Reissue as the avowed patent for the subject-matter of Claim 8 thereof. So that the public (including the Columbia Co.) *was* thereby induced to believe that the Nielsen Patent had been permanently and irrevocably set aside and was no longer a menace.

DOUBLE USE OF GERSDORFF: APPELLEE'S ANSWERING BRIEF, PAGES 23-24.

In the Sherman-Clay case the Gersdorff patents and the McVeety & Ford patents seem to have been set up as "anticipations." Certainly, this Court, referring (page 94 of 214 Fed. Rep.) to Sherman-Clay's contention that the Nielsen Patent "was void on the ground of anticipation" by reason of the prior patents for "a lamp shade * * * a ship ventilator [McVeety & Ford], * * *" etc., held that Sherman-Clay's contention that said prior patents proved that the Nielsen Patent "was *void for anticipation*," was not made out. (Page 94 of 214 Fed. Rep.)

We do not contend that the Gersdorff patents (and the McVeety & Ford patents) "anticipate" the Nielsen Patent; but that they *antedate* Nielsen, and that Nielsen's phonograph-horn is a "double use" of the Gersdorff device; and that the Nielsen Patent is invalid on that [new] ground. In the authorities cited on pages 84-105 of our main brief, and on pages 17-20 of our reply brief, our proposition is amply sustained.

INFERIORITY OF THE NIELSEN HORN:
APPELLEE'S ANSWERING BRIEF,
PAGES 24-31.

Appellee's Answering Brief has misconceived the purpose and effect of our reference to plaintiff's "Searchlight Parabolic Horn" and other horns con-

temporary with "the Nielsen horn" of plaintiff and its predecessor, which we cited, first, as corroborating our defense of laches,—in showing the narrow interpretation plaintiff itself has placed on the Nielsen Patent, and plaintiff's lack of confidence in that Patent; and, second, as showing that plaintiff regarded its specific Parabolic Horn, and its other *non-Nielsen* horns as SUPERIOR to the Nielsen Horn,—thus cutting the very heart out of the only theory upon which plaintiff now seeks to sustain the Nielsen Patent (viz., Nielsen's alleged superiority over the other horns).

Pages 32-34 of Appellee's Answering Brief call for no reply. All we ask is that the learned members of this Court will themselves take the testimony of their own ears, by having one of their number play identical records alternatively with a Nielsen Horn and with a non-Nielsen horn of the prior art (many of which are in evidence), while the other two Judges listen with their backs to the instrument.

Why was the Nielsen Horn so promptly and so universally *discontinued* upon the advent of the cabined or concealed-horn machines,—the present-day "Victrolas" and "Grafonolas"? At that period it was discontinued *completely*, except for the comparatively-few specimens supplied with *visible* horns with cheap machines for Latin-Americans and Orientals. Had the Nielsen Horn possessed any

acoustic advantage, it would have been installed in the cabinetted-machines, in spite of the fact that its pleasing appearance would no longer be manifest. But the fact that the Nielsen Horn was never used in said concealed-horn machines, demonstrates that it possessed *no acoustic advantage whatever*, and its sole "advantage" lay in its pleasing appearance.

Respectfully submitted,

C. A. L. MASSIE,

CHARLES E. TOWNSEND,

Of Counsel for Defendant-Appellant.

Dated August....., 1916.

